

» **INTERIM FINANCIAL REPORT**
For Half Year Ended
31 December 2012

GLOBAL CONSTRUCTION SERVICES LIMITED
ABN 81 104 662 259

Appendix 4D
Interim Financial Report

For the Half Year Ended 31 December 2012



GLOBAL CONSTRUCTION
SERVICES LIMITED
ABN 81 104 662 259



Ph: 139 GCS (139 427)
www.gcs-group.com.au

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Appendix 4D
Half Year Report
Results for Announcement to the Market
(Corresponding period Half Year Ended 31 December 2011)

			31 December 2012 \$000	31 December 2011 \$000
Revenue from ordinary activities	Down	8%	96,133	104,787
Profit from ordinary activities after tax attributable to members	Down	26%	9,350	12,600
Net profit for the period attributable to members	Down	26%	9,350	12,600
<hr/>				
Earnings per share (basic)			6.4 cents	10.8 cents
Net tangible assets per security			74.9 cents	68.1 cents
<hr/>				
			Amount per security	Franked amount per Security
Interim Dividend (DRP applicable) record date 15 March 2013			2.00	2.00
The Directors determined not to pay a final dividend for the year ended 30 June 2012			-	-
Interim Dividend (DRP applied) record date 13 March 2012			4.25	4.25
Final Dividend (DRP applied) paid 26 September 2011			4.50	4.50
<hr/>				
Record Date for determining entitlements to the Interim Dividend and participation in the Dividend Reinvestment Plan			15 March 2013	
Payment date for the Interim Dividend			5 April 2013	

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by Global Construction Services Limited during the reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules and Corporations Act 2001.

Directors' Report

Your Directors present the report on the consolidated entity consisting of Global Construction Services Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2012.

Directors

The following persons were directors of Global Construction Services Limited during the whole of the half year and up to the date of this report are as follows:

Peter Wade	Non-Executive Chairman
Enzo Gullotti	Group Managing Director
Sam Mangione	Non-Executive Director
George Chiari	Executive Director
Michael Sertorio ¹	Non-Executive Director

¹ Michael Sertorio was appointed Non-Executive director on the 6th August 2012 and continues in office at the date of this report. Michael Sertorio previously held office as an Executive Director of Global Construction Services Limited from 5th July, 2011.

Results & Review of Operations

Results

Global Construction Services Limited (**GCS, GCS Group**) reported a profit after tax of \$9.35 million (FY12H1: \$12.6m) for the half year ended 31 December 2012.

Earnings per share were 6.4 cents per share (FY12H1:10.8 cents per share).

Group EBITDA of \$25.2 million (FY12H1: \$25.6m) was comparable to the corresponding period, however Group EBITDA margin was higher at 26.2% (FY12H1: 24.4%)

Group EBIT of \$16.7 million (FY12H1: \$20.3m) was lower than the corresponding period, mainly due to the budgeted increase in depreciation resulting from the significant capital investment program undertaken in FY12 and the first half of FY13. Current market conditions in the Group's key segments further impacted revenues and EBIT with continued delays in the letting of major Commercial contracts in the Perth CBD, weakness in the housing market and a hesitant climate in the Resource sector all factors in the first half outcome.

In October 2012, GCS completed an equity raising of approximately \$32.2m. The funds were applied to reduce net debt by \$20m with the balance affording additional working capital to the group.

In the first half of FY13 GCS concluded its previously committed investment program in assets and infrastructure with a \$21.9m net increase in Property, plant and equipment to facilitate the Portable site accommodation and Plant hire businesses in the Northwest of Western Australia.

In a positive area of growth for GCS, the Oil, Gas and Energy sectors of Western Australia continue to provide stronger project opportunities with key projects including Chevron's Gorgon Gas Project and Chevron's Wheatstone LNG Project, Inpex's Ichtys LNG project and Woodside's Browse Basin development all exhibiting a high degree of buoyancy in the sector and create significant contract outcomes for the GCS Group.

Against the backdrop of challenging markets and economic conditions the Board supports the Group's strategic focus which has developed a solid platform and strong progress in growing GCS's annuity revenue streams and diversification. Although the economy is subject to a number of volatile factors and conditions outside the Group's control. The Board anticipates the second half of FY13 will deliver an improvement in performance as GCS capitalises on the significant investment pipeline which is earmarked in Western Australia.

Directors' Report continued

Corporate

GCS Group has concluded negotiations on its core banking facilities which expire in May 2013. GCS has accepted an offer for new facilities from its current banker Westpac for an additional term of three years and seven months expiring 1st October 2016. The new facilities will provide the Group additional capacity and flexibility to support the execution of its strategy.

Commercial Division

The outlook and investment pipeline for the Commercial sector in Western Australia continues to be significant, however a level of caution and a measured rate in which projects are being let to the construction phase is impacting this sector and making it difficult to forward new program works.

GCS' contracting arm CASC Constructions Pty Ltd (CASC) is pleased to have won one of the significant infrastructure contracts let in the first half of FY13. CASC commenced work on the \$30m major formwork and concrete works for the new West Australian Department of Health's Midland Health campus in Perth's north east corridor in mid-November 2012 and will work to a compressed timeline of nine months to complete the works.

CASC also completed the first stage of the works on the \$30m QEII Medical Centre car park contract and has now commenced work on the second stage of the project for completion in the second half of FY13.

Commercial scaffolding and plant hire performed satisfactorily in the first half of FY13. GCS won a number of sizeable projects for key customers in the Perth CBD however the market remains competitive with pricing pressures apparent. The demand for Portable site accommodation in the commercial sector is improving.

Residential Division

The Western Australian housing market continues its prolonged period of demand weakness. Although some improvements in the first home buyers sector have translated to greater levels of activity for the division, overall demand is weak. Competitors continue to price aggressively to win work with other players choosing to exit the Perth market. GCS Group maintains its market share in this segment and continues to monitor and adjust its operation to meet the conditions. Despite population pressures in Perth, the outlook for the Residential division is expected to remain weak in FY13 as the demand factors are not translating to meaningful investment in housing.

Resource & Industrial Division

The Resource and Industrial division has again experienced significant growth during the period. Demand for GCS Group's products and services in the Northwest of Western Australia flourished with revenues and margins more than doubling in the half over the corresponding period.

Notably, GCS was awarded the first major scaffolding package of 6,000 tonne of equipment by the CBI-Kentz joint venture for the Chevron Gorgon Gas project.

Although the Northwest continues to be the growth engine of the Australian economy with a significant investment pipeline underway, delays to contract works have been experienced in the first half as investment in specific mineral and industrial sectors have been volatile and deferred demand.

Plant Hire has grown its market share and GCS has benefitted from the opening of a new branch in Port Hedland in the first half of FY13. Demand for portable site accommodation experienced strong demand in the first quarter of FY13 but witnessed a slowing in demand in the second quarter. This second quarter decline is projected to be temporary and the division expects portable site accommodation demand to return to trend in the second half of the financial year. GCS is ramping up its deployment of labour on various projects and seeking to continue to expand this segment of its business.

Directors' Report continued

GCS Group's capability in servicing its Oil, Gas and Energy customers has been effective in the first half and contributed to the significant growth in this sector. GCS remains optimistic for the prospects of the division in the second half of FY13.

Dividends to be paid

The directors have determined the payment of a fully franked interim dividend of 2.00 cents per share, which compares to an interim dividend of 4.25 cents per share for the previous corresponding period. The GCS Dividend Reinvestment Plan will apply to this dividend. The reinvestment price will be determined using the five days Volume Weighted Average Price up to and including the record date. The record date is 15 March 2013 and the dividend will be paid on 5 April 2013.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set on the next page and forms part of the Directors' Report for the half year ended 31 December 2012. This report has been made in accordance with a resolution of the Directors.

Rounding

The parent entity is a company of the kind specified in Australian Securities and Investments Commission class order 98/0100. In accordance with that class order, amounts contained in the interim consolidated financial statements have been rounded to the nearest thousand dollars unless specifically stated otherwise.



Enzo Gullotti
Group Managing Director

Perth
26th February, 2013

26 February 2013

The Directors
Global Construction Services Limited
2 Redcliffe Road
REDCLIFFE WA 6104

Dear Sirs,

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF GLOBAL
CONSTRUCTION SERVICES LIMITED

As lead auditor for the review of Global Construction Services Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Global Construction Services Limited and the entities it controlled during the period.



Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
for the Half Year Ended 31 December 2012**

	2012 \$'000	2011 \$'000
Continuing operations		
Revenue from hire of equipment, provision of labour and contracting services	91,542	98,833
Sale of goods	4,591	5,954
	96,133	104,787
Raw materials, consumables and services	(17,533)	(17,250)
Personnel expenses	(44,733)	(53,631)
Other expenses	(6,491)	(6,783)
Occupancy	(2,910)	(1,926)
Repairs and maintenance	(506)	(234)
Depreciation expense	(7,947)	(5,340)
Amortisation expense	(557)	-
Other income	1,047	406
Finance Costs	(3,895)	(2,240)
Share of profit of equity accounted investees (net of tax)	180	224
Profit before income tax expense	12,788	18,013
Income tax expense	(3,438)	(5,413)
Net Profit for the half year	9,350	12,600
Other comprehensive income for the half year, net of income tax	-	-
Total Comprehensive Income for the half year	9,350	12,600
Profit and Total Comprehensive Income for the half year attributable to Owners of the Company	9,350	12,600
Earnings per share for profit attributable to owners of the Company		
Basic earnings per share	6.4 cents	10.8 cents
Diluted earnings per share	6.3 cents	10.7 cents

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2012

	Note	31 December 2012 \$'000	30 June 2012 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		9,704	7,158
Trade and other receivables		39,092	42,519
Prepayments		2,820	4,164
Inventories		7,100	5,523
Total Current Assets		58,716	59,364
Non-Current Assets			
Other Receivables		8,402	5,837
Investments accounted for using the equity method		4,448	4,267
Property, plant and equipment	3	183,185	169,272
Intangible assets		59,600	60,157
Deferred tax assets		5,180	3,980
Other financial assets		107	72
Total Non-Current Assets		260,922	243,585
TOTAL ASSETS		319,638	302,949
LIABILITIES			
Current Liabilities			
Trade and other payables		19,298	34,960
Borrowings	4	42,859	53,927
Deferred Income		-	1,555
Current tax liabilities		1,942	7,613
Total Current Liabilities		64,099	98,055
Non-Current Liabilities			
Borrowings	4	53,795	45,450
Provisions		1,018	1,017
Deferred tax liabilities		13,576	11,732
Total Non-Current Liabilities		68,389	58,199
TOTAL LIABILITIES		132,488	156,254
NET ASSETS		187,150	146,695
EQUITY			
Contributed equity	5	128,460	97,355
Reserves		140	140
Retained profits		58,550	49,200
TOTAL EQUITY		187,150	146,695

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
for the Half year ended 31 December

	2012	2011
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	101,624	100,312
Payments to suppliers and employees	(81,997)	(79,519)
Income taxes paid	(7,883)	(7,055)
Net cash inflow from operating activities	11,744	13,738
Cash flows from investing activities		
Payments for property, plant and equipment	(6,945)	(7,247)
Proceeds from sale of property, plant and equipment	204	25
Interest received	374	227
Payment for investment in equity accounted investee	-	(3,500)
Purchase of subsidiary, net of cash acquired	-	30
Loans to related parties	(3,563)	(691)
Net cash outflow from investing activities	(9,930)	(11,156)
Cash flows from financing activities		
Proceeds from borrowings	8,146	15,000
Repayment of borrowings	(34,040)	(17,123)
Interest paid	(3,976)	(2,331)
Proceeds from issue of ordinary shares	32,276	220
Transaction costs from issue of ordinary shares	(1,674)	(9)
Dividends paid to Group shareholders	-	(4,851)
Net cash inflow/ (outflow) from financing activities	732	(9,094)
Net increase/(decrease) in cash and cash equivalents	2,546	(6,512)
Cash and cash equivalents at the beginning of the period	7,158	17,535
Cash and cash equivalents at the end of the period	9,704	11,023

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
as at 31 December 2012

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012	Contributed Equity	Option Reserve	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2012	97,355	140	49,200	146,695
Profit for the half year	-	-	9,350	9,350
Total comprehensive income	-	-	9,350	9,350
Transactions with owners in their capacities as owners				
Issue of ordinary shares, net of transaction costs	30,602	-	-	30,602
Tax-effect share based transaction expenses	503	-	-	503
Balance at 31 December 2012	128,460	140	58,550	187,150
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011				
Balance at 1 July 2011	96,339	140	36,510	132,989
Profit for the half year	-	-	12,600	12,600
Total comprehensive income	-	-	12,600	12,600
Transactions with owners in their capacities as owners				
Issue of ordinary shares, net of transaction costs	263	-	-	263
Dividends paid	364	-	(5,215)	(4,851)
Tax-effect share based transaction expenses	3	-	-	3
Balance at 31 December 2011	96,969	140	43,895	141,004

The above Consolidate Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2012 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in annual financial statements. Accordingly, these statements should be read in conjunction with the annual announcements made by Global Construction Services Limited in accordance with continuous disclosure requirements of the ASX Listing Rules and Corporations Act 2001 and the annual report for the year ended 30 June 2012.

New accounting standards and interpretations

In the half-year ended 31 December 2012, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2012.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2012. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

Going Concern

The Interim Financial Report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

At 31 December 2012 the consolidated entity is reporting a working capital deficiency of \$5.4m (30 June 2012 \$38.7m). As disclosed in the Company's annual report for the year ended 30 June 2012, the Commercial Bill and Property financing facilities are due to expire in May 2013 and consequently have been classified as current liabilities in the current reporting period, resulting in the working capital deficiency. The Group has concluded negotiations on its core banking facilities and accepted an offer for new facilities from its current banker Westpac for an additional term of three years and seven months expiring 1st October 2016.

2. SEGMENT INFORMATION

Description of segments

Management has determined that strategic decision making is facilitated and enhanced by evaluation of operations on the customer segments of Commercial, Residential and Resource & Industrial. For each of the strategic operating segments, the Group Managing Director reviews internal management reports on a monthly basis.

GCS Group supplies an extensive range of specialised labour services and equipment including hire and sales of scaffolding, formwork, material hoists, temporary site accommodation, chemical toilets, general plant hire, temporary fencing. Together with delivery and pick up, installation and dismantling and related estimating, design and engineering services, plus supply and installation of concrete in the Commercial segment.

The following summary describes the operations in each of the Group's reportable segments:

Management has determined that strategic decision making is facilitated and enhanced by evaluation of operations on the customer segments of Commercial, Residential and Resource & Industrial. For each of the strategic operating segments, the Group Managing Director reviews internal management reports on a monthly basis.

Segment Information (continued)

GCS Group supplies an extensive range of specialised labour services and equipment including hire and sales of scaffolding, formwork, material hoists, temporary site accommodation, chemical toilets, general plant hire, temporary fencing. Together with delivery and pick up, installation and dismantling and related estimating, design and engineering services, plus supply and installation of concrete in the Commercial segment.

The following summary describes the operations in each of the Group's reportable segments:

Commercial

Our operations in the Commercial sector consist of supplying a range of products and services to customers involved in the construction or maintenance of commercial and mixed-use developments. These typically include office towers, high rise apartments, shopping centres, hotels, car parks, recreational buildings, and hospitals. Contracts are typically medium to long term.

Residential

Our operations in the Residential sector consist of supplying a range of products and services to customers involved in the construction or maintenance of single and multi-story residential developments. These typically include houses, townhouses, units, and apartments. Contracts are generally short to medium term.

Resource & Industrial

Our operations in the Resource and Industrial sector consist of supplying a range of products and services to customers involved in either construction or maintenance of the following types of projects. Oil and gas, energy, major infrastructure, mining, power generation, water treatment plants, decommissioning, shutdowns, and civil works. Contracts vary in length from short to long term.

Segment information provided to the Managing Director for the half-year ended 31 December 2012 is as follows:

Segment information	Commercial	Residential	Resource & Industrial	Total Continuing Operations
Half-year ended 31 Dec 2012	\$'000	\$'000	\$'000	\$'000
Total Segment revenue	76,425	11,962	45,165	133,552
Intersegment revenue	(25,388)	(1,658)	(9,721)	(36,767)
Revenue from external customers	51,037	10,304	35,444	96,785
Adjusted EBITDA	13,183	1,679	12,361	27,223
Half-year ended 31 Dec 2011	\$'000	\$'000	\$'000	\$'000
Total Segment revenue	102,336	10,049	21,292	133,677
Intersegment revenue	(28,183)	(643)	(64)	(28,890)
Revenue from external customers	74,153	9,406	21,228	104,787
Adjusted EBITDA	21,540	1,057	5,307	27,904
Total Segment Assets				
At 31 December 2012	128,846	33,323	93,700	255,869
At 30 June 2012	148,419	32,867	62,155	243,441

Segment Information (continued)

The Group Managing Director assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement excludes certain non-recurring expenditures which are of an isolated nature such as equity settled share based payments and corporate activities pertaining to the overall Group including the treasury function which manages the cash and funding arrangements of the Group.

A reconciliation of adjusted EBITDA to operating profit before income tax is provided as follows:

Half Year ended 31 December	2012	2011
	\$'000	\$'000
Adjusted EBITDA	27,223	27,904
Intersegment Eliminations	548	503
Interest Revenue	347	227
Share of profit/(loss) of equity accounted investees (net of income tax)	180	224
Finance costs	(3,895)	(2,240)
Depreciation and amortisation	(8,504)	(5,340)
Unallocated amounts: Corporate	(3,160)	(3,465)
Unallocated amounts: Other revenue	49	200
Profit before income tax from continuing operations	12,788	18,013

3. PROPERTY, PLANT AND EQUIPMENT

Consolidated	Land	Buildings	Office Equipment & Fittings	Motor Vehicles	Plant & Rental Equipment	Total
	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
At 1 July 2012						
Cost or fair value	9,054	5,923	2,404	10,721	178,394	206,496
Accumulated depreciation	-	(990)	(1,432)	(5,765)	(29,037)	(37,224)
Net book amount	9,054	4,933	972	4,956	149,357	169,272
Half-year ended 31 December 2012						
Opening net book amount	9,054	4,933	972	4,956	149,357	169,272
Additions	563	237	331	105	24,719	25,955
Disposals	-	-	-	(278)	(3,817)	(4,095)
Depreciation charge	-	(140)	(186)	(748)	(6,873)	(7,947)
Closing net book amount	9,617	5,030	1,117	4,035	163,386	183,185

4. LOANS AND BORROWINGS

The following loans and borrowings (non-current and current) were issued and repaid during the six months ended 31 December:

	2012 \$'000	2012 \$'000
Current		
<i>Unsecured</i>		
Borrowings	687	3,454
Total unsecured current borrowings	687	3,454
<i>Secured</i>		
Bank bill facility	21,340	32,760
Hire purchase finance	20,422	17,325
Lease liability	410	388
Total secured current borrowings	42,172	50,473
Total current borrowings	42,859	53,927
Non-current		
<i>Secured</i>		
Hire purchase finance	53,008	44,454
Lease liability	787	996
Total secured non current borrowings	53,795	45,450

Global Construction Services Limited has access to a total bank bill facility of \$35m (2011 - \$18.5m). The facility is drawn to \$21.34m at 31 December 2012 (2011 - \$18.5m).

Global Construction Services Limited bank facilities expire in May 2013. The Group has concluded negotiations on its core banking facilities and accepted an offer for new facilities from its current banker Westpac for an additional term of three years and seven months expiring 1st October 2016.

5. EQUITY SECURITIES ISSUED

	Half year ended 31 December 2012	Half year ended 31 December 2011	Half year ended 31 December 2012	Half year ended 31 December 2011
	Number of shares		\$'000	\$'000
Exercise of options issued under the Global Construction Services Limited Employee Option Plan	-	200,000	-	220
Issue of new ordinary shares, pursuant to Dividend Reinvestment Plan	-	269,984	-	364
Issue of new ordinary shares, pursuant to Capital Raising	53,794,391	-	32,276	-
Issue of Ordinary shares in consideration of acquisition of subsidiary	-	40,657	-	51
	53,794,391	510,641	32,276	635

In September 2012 Global Construction Services Limited undertook a capital raising of approximately \$32.2 million for new GCS Group ordinary shares at an offer price of \$0.60 per new share to existing and new shareholders. The Offer consisted of:

- Approximately \$10.4 million placement to institutional and sophisticated investors.
- 5-for-16 Accelerated Non-Renounceable Entitlement Issue to institutional and sophisticated investors of approximately \$16.9 million, together with an institutional shortfall bookbuild; and
- 5-for-16 Non-Renounceable Entitlement Issue to retail shareholders to raise approximately \$4.9 million.

The retail component of The Offer was completed on 5 October 2012.

The funds were applied to reduce GCS' net debt by \$20m and to provide scope for continued growth across its businesses through additional working capital.

6. DIVIDENDS

	Half-Year ended 31 December 2012	Half-Year ended 31 December 2011
	\$'000	\$'000
The Directors determined not to pay a final dividend for the year ended 30 June 2012.	-	
Final dividend for the year ended 30 June 2011 of 4.50 cents per share, fully franked, paid 26 September 2011 (Dividend Reinvestment Plan applied)		5,215

7. CONTINGENCIES

As at 31 December 2012 the Group has no contingent liabilities or contingent assets.

8. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The directors have recommended the payment of a fully franked interim dividend of 2.00 cents per share, which compares to an interim dividend of 4.25 cents per share for the previous corresponding period. The GCS Dividend Reinvestment Plan will apply to this dividend and the 5 day Volume Weighted Average Price up to and including the record date will be used to determine the reinvestment price. The record date is 15 March 2013 and the dividend will be paid on 5 April 2013.

Global Construction Services Limited has concluded negotiations on its core banking facilities and accepted an offer for new facilities from its current banker Westpac for an additional term of three years and seven months expiring 1st October 2016.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

The financial statement and notes set out on pages 8 to 18 are in accordance with the Corporations Act 2001, including:

1. complying with Accounting Standards AASB134 Interim Financial Reporting and Corporation Regulations 2001 and other mandatory professional reporting requirements, and
2. giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half year ended on that date; and

There are reasonable grounds to believe that Global Construction Services Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

A handwritten signature in black ink, appearing to read 'Peter Wade', written in a cursive style.

Peter Wade
Chairman
26 February 2013

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GLOBAL CONSTRUCTION SERVICES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Global Construction Services Limited, which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Global Construction Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Global Construction Services Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.




Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Global Construction Services Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO


Phillip Murdoch
Director

Perth, Western Australia
Dated this 26th day of February 2013